

Message Text

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ACTION NEA-12

INFO OCT-01 ADP-00 SSO-00 SS-14 NSCE-00 NSC-10 INR-09

INRE-00 T-03 AID-20 IGA-02 PM-09 CIAE-00 PRS-01

NSAE-00 DODE-00 OMB-01 TRSE-00 RSR-01 RSC-01 BOOK-129

(ADP) W

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O 121632 Z MAR 73 ZFF-5

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC IMMEDIATE 3461

INFO AMEMBASSY AMMAN NIACT IMMEDIATE

S E C R E T JIDDA 1025

E. O. 11652: GDS

TAGS: EAID, JO, SA

SUBJE: SAUDI AID TO JORDAN

REF: STATE 43939

SUMMARY: REVIEWED WITH PRINCE SULTAN MARCH 12 JORDAN' S FINANCIAL SITUATION AND NEED FOR ADDITIONAL SAUDI AID. SULTAN FELT JORDANIAN REQUESTS COULD SEEM " EMBARRASSMENT TO KING" IN VIEW OF SIMILAR EGYPTIAN REQUESTS FOR ASSISTANCE. HE AVERRED SAG ITSELF HAS " BUDGETARY CRISIS". I REPLIED THAT SAUDI RESERVES QUITE ADEEQUATE, AND THAT JORDAN' S OWN RESERVES NEEDED TO MAINTAIN THAT COUNTRY' S ECONOMIC STABILITY AND RESURGENCE. US HAD BEEN MOST GENEROUS TO GOJ, MOREOVER, PARTLY SINCE WE REGARDED THAT COUNTRY AS SAUDI ARABIA' S FIRST LINE OF DEFENSE. SAG SHOULD SEE THINGS ARE WAY. LATER IN DAY I COVERED SAME GROUND WITH CHIEF OF ROYAL COURT WAHAB. I AM CONVINCED THAT SULTAN WILL INFORM KING FULLY. END SUMMARY.

1. I SAW PRINCE SULTAN IN RIYADH MAR . 12 TO REVIEW JORDAN' S FINANCIAL SITUATION AND TO URGE ADDITIONAL SAUDI AID. DESCRIBED US PLANS FOR ASSISTANCE TO JORDAN AS SET OUT REFTTEL NOTING THAT WHILE MILITARY AID AND DEVELOPMENT LOAN WOULD BE VALUABLE IN MODERNIZING JORDAN' S ARMY AND HELPING ITS ECONOMIC PROGRESS,
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THERE REMAINED VERY SERIOUS DEFICIT IN JORDAN' S ORDINARY BUDGET. I COULD NOT TELL SULTAN WHAT THIS WAS PRECISELY BUT THOUGHT THAT EVEN AFTER US BUDGETARY AID GAP WOULD STILL BE AT LEAST \$60 MILLION.

2. SULTAN REMARKED THAT PRIME MINISTER LAWZI DUE HERE MAR 14. THOUGH JORDANIANS HAD NOT SAID THEY COMING TO ASK SAUDI FINANCIAL ASSISTANCE BUT RATHER TO EXPLAIN AND DISCUSS " RECENT POLITICAL EVENTS". SULTAN REMARKED THAT, AS I KNEW, SAUDI ARABIA HAS ITSELF A " BUDGETARY CRISIS". REQUESTS FOR STRAIGHT CASH ASSISTANCE ARE AN " EMBARRASSMENT TO KING FAISAL" SINCE EGYPTIANS ARE ALSO PRESSING HIM FOR THIS KIND OF HELP. WOULD BE BETTER IF JORDANIANS ASKED FOR SOME KIND OF ECONOMIC DEVELOPMENT LOANS WITH LONG PERIOD FOR REPAYMENT.

3. POINTED OUT TO SULTAN THAT FOREIGN MINISTER SAQQAF HAS FREQUENTLY SPOKEN TO ME ABOUT THE DANGERS TO SAUDI ARABIA FROM PRESENCE ON ITS BORDERS OF BAATHI AND COMMUNIST INFLUENCED REGIMES SUCH AS THOSE EXISTING IN IRAQ AND SOUTH YEMEN. HOW WOULD SAUDI ARABIA FEEL IF JORDAN SHOULD BE TAKEN OVER BY RADICAL REGIME OF SAME KIND? JORDAN WAS INDEED SAUDI ARABIA' S FIRST LINE OF DEFENSE AGAINST COMMUNIST THREAT, AS PRINCE HIMSELF HAD STATED IN PAPER HE HAD GIVEN PRESIDENT NIXON DURING US VISIT LAST JUNE. OUR CONVICTION THAT HORDAN PLAYED SUCH IMPORTANT ROLE IN RE- ENFORCING SAUDI SECURITY WAS ONE OF MAIN REASONS US GAVE GENEROUSLY TO HELP JORDAN YEAR AFTER YEAR. REMINDED SULTAN WE WERE INCREASING OUR BUDGETARY SUPPORT THIS YEAR AS AGAINST LAST BY \$5 MILLION. WE HAD NOW DONE ALL WE COULD.

4. TOLD SULTAN ALSO THAT IN SOME QUARTERS VIEW SEEMED TO BE THAT BECAUSE JORDAN HAD A MONETARY RESERVE, THEN IT DID NOT NEED AID. FACT IS THAT IN ECONOMIC TERMS JORDAN' S MARGIN OF EXISTENCE IS A VERY NARROW ONE INDEED AND THAT IT CLEARLY NEEDS SOMETHING TO FALL BACK ON IN TIME OF EMERGENCY SUCH AS THE SHARP FIGHTING WHICH STRUCK THE COUNTRY IN 1970. MONETARY RESERVE ALSO IMPORTANT TO RESTORATION OF NORMAL BUSINESS ACTIVITY IN JORDAN. ONE OF MOST ENCOURAGING ASPECTS OF JORDAN SITUATION WAS GROWING PUBLIC CONFIDENCE AND BUSINESS REVIVAL. MOMENTUM OF THIS SHOULD BE MAINTAINED. (SULTAN TOOK THIS POINT, INDICATING HE RECOGNIZED JORDAN' S NEED FOR A RESERVE).

5. AS TO SAUDI ARABIA' S OWN " FINANCIAL PROBLEM", SAUDI RESERVES
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SEEMED TO BE QUITE ADEQUATE. SUPPORT FOR JORDAN WAS ESSENTIALLY A DEFENSE PROBLEM. I TOLD SULTAN HE HAD FREQUENTLY PROVEN HIMSELF QUITE SKILLFUL AT CONVINCING FINANCE MINISTER PRINCE MUSA' D OF URGENCY OF CERTAIN DEFENSE NEEDS AND OF SECURING NECESSARY FUNDS. THEREFORE I URGED HIM DO EVERYTHING POSSIBLE CONVINCE KING AND MUSA' D. AS TO WHETHER HELP SHOULD BE IN FORM OF GRANT FOR BUDGET OR DEVELOPMENT LOANS, JORDANIANS COULD BEST SPEAK ON THAT PROBLEM THEMSELVES. USG HAD STUDIED JORDAN DEVELOPMENT PROGRAM AND BUDGET VERY CAREFULLY. WE CONVINCED FORMER VERY THOUGHTFULLY PLANNED AND THAT LATTER WAS TIGHTLY DRAWN. JORDAN GOVT . SHOULD NOT BE KEPT ON SUCH TIGHT LEASH THAT " IT MIGHT CHOKE" AND LOSE MOMENTUM NEEDED FOR RECOVERY WHICH WOULD LEAD SOME DAY TO FINANCIAL INDEPENDENCE. JORDAN' S NEED FOR CASH ASSISTANCE SEEMED VERY REAL.

6. AT END OF MY PRESENTATION SULTAN DID NOT PROMISE FAVORABLE ACTION THOUGH HE SEEMED AT LEAST TO HAVE GIVEN UP RAISING OBJECTIONS AND AGREED WARMLY WITH MY ASSESSMENT OF IMPORTANCE TO SAUDI ARABIA OF PRESENT JORDAN GOVERNMENT AND PROFESSED SAUDI ARABIA' S DEVOTION TO IT.

7. LATER SAME DAY I WENT OVER MUCH OF SAME GROUND IN CONVERSATION WITH CHIEF OF ROYAL PROTOCOL WAHAB, STRESSING PARTICULARLY IDEA THAT US INTEREST IN SAUDI SECURITY IS AN IMPORTANT REASON FOR US WILLINGNESS TO HELP JORDAN. HE VOLUNTEERED THAT JORDANIAN NEED FOR HARD CASH IS INDEED VERY ACUTE.

8. COMMENT: SULTAN WILL INFORM KING FULLY. HE FOLDED AND CAREFULLY PLACED IN HIS POCKET SLIP I GAVE HIM RECAPITULATING CURRENT US AID TO JORDAN.
THACHER

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*** Current Classification *** SECRET

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